



CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D. C. 20505

PUBLIC AFFAIRS

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8 December 1986

Mr. David R. Gergan
Editor, U.S. NEWS & WORLD REPORT
2400 N Street, N.W.
Washington, D.C. 20037

Dear Dave:

X U.S. NEWS & WORLD REPORT, in its 15 December edition, repeated a WASHINGTON POST allegation that profits from the Iran arms sales were deposited in a CIA-managed account and were "dispersed not only to the contras in Central America, but to the rebels fighting Soviet troops in Afghanistan." U.S. NEWS, however, neglected to publish CIA's on-the-record refutation of the POST's assertion.

We are surprised by the omission. Most major media, including THE WASHINGTON POST, clearly reported our denial which was carried by the news services to which U.S. NEWS subscribes. One can only speculate on U.S. NEWS' motives in declining to give its readers the same balanced view of the situation that the rest of the media chose to give their viewers and subscribers.

Your readers should know that on 3 December 1986 the Agency issued the following statement:

"The only funds related to the Iranian program that passed through Agency hands were the \$12 million owed to the Pentagon for arms. The funds received from the Iranians were segregated when received and were passed on promptly to the Pentagon. The Agency received no profits from any activities with the Iranians, nor were any funds which passed through Agency hands from the Iranians diverted to the contras or any other covert action programs."

Sincerely,

George V. Lauder
George V. Lauder

A Director, Public Affairs